

COLOMA PUBLIC LIBRARY
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

June 30, 2004

11-8003

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name COLOMA PUBLIC LIBRARY	County BERRIEN
Audit Date JUNE 30, 2004	Opinion Date SEPTEMBER 24, 2004	Date Accountant Report Submitted to State: October 14, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan, by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

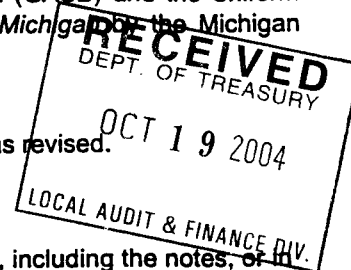
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C.			
Street Address 830 PLEASANT STREET, PO BOX 44	City ST. JOSEPH	State MI	ZIP 49085
Accountant Signature Robert R. Gerbel CPA			



COLOMA PUBLIC LIBRARY
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

June 30, 2004

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**COLOMA PUBLIC LIBRARY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2004**

This annual report consists of three parts - management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include information that presents two different views of the library:

- The first five columns of the financial statements include information on the Library's General Fund, Debt Service Fund, Construction Fund, Building and Site Fund and State Aid Fund under the modified-accrual method. The modified-accrual basis focuses on current financial resources and provides a more detailed view about the accountability of the Library's sources and uses of funds.
- The Adjustment column of the financial statements represents adjustments necessary to the government-wide financial statements under the full-accrual method.
- The Government-wide Financial Statement columns provide both long-term and short-term information about the Library's overall financial status. The statement of net assets and the statement of activities provide information about the activities of the Library as a whole and present a long-term view of the Library's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Condensed Financial Information

The tables below contain key financial information in a condensed format (In future years, when prior year information is available, a comparative analysis of government-wide data will be presented):

Summary of Net Assets

	<u>2004</u>
Current assets	\$ 651,585
Capital assets	<u>3,611,768</u>
Total Assets	<u>\$4,263,353</u>
Current Liabilities	\$ 114,024
Long-term Liabilities	<u>2,823,954</u>
Total Liabilities	<u>\$ 2,937,978</u>
Net Assets:	
Invested in Capital Assets net of related Debt	\$ 791,768
Restricted for Debt Service	77,339
Restricted for Capital Additions	256,765
Unrestricted	<u>199,503</u>
Total Net Assets	<u>\$ 1,325,375</u>

Results of Operations

Revenue:	
Property Taxes	\$380,518
Contributions	171,075
Penal Fees	139,137
Grants	10,070
Other Revenue	<u>44,687</u>
Total Revenue	\$745,487
Expenses-Library Services	(546,849)
Unrealized loss on investments	<u>(1,386)</u>
Change in Net Assets	<u>\$197,252</u>

The Library as a Whole

- The Library's net assets increased by \$197,252 during the year. The primary reason for the increase was construction of a new public library made possible by passage of a \$3,045,000 bond issue by the voters of Coloma City and Coloma Charter Township. In addition, the citizens of Coloma raised \$400,000 in a capital campaign to equip and furnish the new library.
- The Library's primary source of revenue is from property taxes, which represent 51 percent of the total revenue. The Library's secondary source of revenue is from contributions for the construction of the new Library, which represent 23 percent of the total revenue. The Library's third source of income is through countywide penal fines, which represent 19 percent of the total.
- Salaries and fringe benefits are approximately 43 percent of the General Budget, which is below the state average of a Class C library of 58 percent.
- The second largest expenditure of library resources was circulating materials for patrons (books, audiovisual and magazines) representing 11 percent.
- The remaining expenditures are for new equipment, utilities, supplies and rent (final months of rent at the old facility).
- Depreciation expense for the current year represented 35 percent of the Library's total expenses.

The Library's Funds

Our analysis of the Library's major funds is included on pages 2 and 3 in the first four columns of the respective statements. The fund column provides detailed information about the most significant funds, not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities, such as property tax millages. The Library's major funds consist of the General, Debt Service, Construction and Building and Site Funds. The Fund balances of these funds decreased during the year by \$2,358,992. This is from the construction of the new library.

Library's Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendment occurred in the Building Fund with an increase in expenditures for furniture and equipment. This was accomplished by combining unused line items in the building fund and applying additional non-budgeted income towards new furniture and equipment.

Capital Assets and Debt Administration

At the end of the fiscal year, the Library had \$3,611,768 (net of accumulated depreciation) invested in land, building, furniture and equipment, and books, audiovisual and magazines. The Library built a new building that cost \$2,848,807 of which \$619,165 consisted of construction in process from the prior year. The Library added \$428,786 of equipment and collection items. \$405,688 of new equipment consisted of computers, video equipment, shelving, and copy machine, and \$23,098 in new collection items. The Library also retired \$15,812 of equipment during the year.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Librarian of the Coloma Public Library, P.O. Box 430, Coloma, MI 49038.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 24, 2004

INDEPENDENT AUDITOR'S REPORT

To the Library Board
Coloma Public Library
Coloma, Michigan

We have audited the accompanying financial statements of Coloma Public Library, including the Library's individual governmental funds, the Library as a whole and the budgetary comparison statements as of and for the year ended June 30, 2004, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Coloma Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of Coloma Public Library, including the Library's individual governmental funds, the Library as a whole, and the budgetary comparison statements as of and for the year ended June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004.

The management's discussion and analysis and budgetary comparison information on pages I through III and 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coloma Public Library's basic financial statements. The combining statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

COLOMA PUBLIC LIBRARY
Individual Funds Balance Sheet and
Statement of Net Assets
June 30, 2004

	<u>Individual Library Funds</u>			
	<u>General</u>	<u>Debt Service</u>	<u>Construction Fund</u>	<u>Building and Site Fund</u>
Assets				
Cash and petty cash - NOTE 2	\$ 162,003	\$ 67,976	\$ 217,507	\$ 29,893
Taxes receivable	7,340	9,363	-	-
Penal fees receivable	139,137	-	-	-
Investments - NOTE 2	-	-	-	9,365
Capital assets (net of accumulated depreciation) - Note 4	-	-	-	-
TOTAL ASSETS	<u>\$ 308,480</u>	<u>\$ 77,339</u>	<u>\$ 217,507</u>	<u>\$ 39,258</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 4,303	\$ -	\$ 825	\$ -
Accrued vacation payable	8,896	-	-	-
Accrued sick pay payable	-	-	-	-
Bond payable - NOTE 3				
Current portion	-	-	-	-
Long-term portion	-	-	-	-
Total Liabilities	<u>\$ 13,199</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ -</u>
Fund Balance:				
Reserved:				
Debt service	\$ -	\$ 77,339	\$ -	\$ -
Capital improvements	-	-	216,682	39,258
Unreserved:				
Undesignated	295,281	-	-	-
Total Fund Balance	<u>\$ 295,281</u>	<u>\$ 77,339</u>	<u>\$ 216,682</u>	<u>\$ 39,258</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 308,480</u>	<u>\$ 77,339</u>	<u>\$ 217,507</u>	<u>\$ 39,258</u>
Net Assets				
Invested in capital assets net of related debt				
Restricted for debt service				
Restricted for capital additions				
Unrestricted				
TOTAL NET ASSETS				

The accompanying notes are an integral part of these financial statements.

State Aid Fund	Total - Modified Accrual Basis	GABS No. 34 Adjustments (Note 6)	Library as a Whole
			Statement of Activities - Full - Accrual Basis
\$ 9,001	\$ 486,380	\$ -	\$ 486,380
-	16,703	-	16,703
-	139,137	-	139,137
-	9,365	-	9,365
-	-	-	-
-	-	3,611,768	3,611,768
<u>\$ 9,001</u>	<u>\$ 651,585</u>	<u>\$ 3,611,768</u>	<u>\$ 4,263,353</u>
\$ -	\$ 5,128	\$ -	\$ 5,128
-	8,896	-	8,896
-	-	3,954	3,954
-	-	100,000	100,000
-	-	2,820,000	2,820,000
<u>\$ -</u>	<u>\$ 14,024</u>	<u>\$ 2,923,954</u>	<u>\$ 2,937,978</u>
\$ -	\$ 77,339	\$ (77,339)	\$ -
-	255,940	(255,940)	-
<u>9,001</u>	<u>304,282</u>	<u>(304,282)</u>	<u>-</u>
<u>\$ 9,001</u>	<u>\$ 637,561</u>	<u>\$ (637,561)</u>	<u>\$ -</u>
<u>\$ 9,001</u>	<u>\$ 651,585</u>		
		\$ 791,768	\$ 791,768
		77,339	77,339
		256,765	256,765
		<u>199,503</u>	<u>199,503</u>
		<u>\$ 1,325,375</u>	<u>\$ 1,325,375</u>

COLOMA PUBLIC LIBRARY
Individual Funds Statement of Revenues, Expenditures,
and Changes in Fund Balance and
Statement of Activities
For the Year Ended June 30, 2004

	<u>Individual Library Funds</u>			
	<u>General</u>	<u>Debt Service</u>	<u>Construction Fund</u>	<u>Building and Site Fund</u>
Revenues:				
State grants	\$ -	\$ -	\$ -	\$ -
Property taxes	167,672	212,846	-	-
Contributions from local units	4,000	-	-	-
Fines	4,057	-	-	-
Penal fees	139,137	-	-	-
Charges for services	2,992	-	-	-
Contributions	400	-	-	166,675
Interest	416	767	33,484	742
Dividend income	-	-	-	878
Miscellaneous	1,243	-	-	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 319,917</u>	<u>\$ 213,613</u>	<u>\$ 33,484</u>	<u>\$ 168,395</u>
Expenditures:				
Recreational and culture	\$ 160,311	\$ -	\$ -	\$ 9,814
Debt service	-	201,085	-	-
Capital outlay	84,263	-	28,406	378,612
Construction	-	-	2,230,524	-
Depreciation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 244,574</u>	<u>\$ 201,085</u>	<u>\$ 2,258,930</u>	<u>\$ 388,426</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 75,343</u>	<u>\$ 12,528</u>	<u>\$ (2,225,446)</u>	<u>\$ (220,031)</u>
Other Financing Sources (Uses):				
Unrealized gain (loss) on investments	\$ -	\$ -	\$ -	\$ (1,386)
Operating transfers in (out)	(50,000)	-	-	50,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,614</u>
Net Change in Fund Balances/Net Assets	<u>\$ 25,343</u>	<u>\$ 12,528</u>	<u>\$ (2,225,446)</u>	<u>\$ (171,417)</u>
Fund Balance/Net Assets - July 1, 2003	\$ 151,835	\$ 64,811	\$ 2,442,128	\$ 210,675
Prior Period Adjustment - Note 8	118,103	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Adjusted Fund Balance/ Net Assets - July 1, 2003	<u>\$ 269,938</u>	<u>\$ 64,811</u>	<u>\$ 2,442,128</u>	<u>\$ 210,675</u>
FUND BALANCE/NET ASSETS - JUNE 30, 2004	<u>\$ 295,281</u>	<u>\$ 77,339</u>	<u>\$ 216,682</u>	<u>\$ 39,258</u>

The accompanying notes are an integral part of these financial statements.

State Aid Fund	Total - Modified Accrual Basis	GABS No. 34 Adjustments (Note 6)	Library as a Whole
			Statement of Activities - Full - Accrual Basis
\$ 10,070	\$ 10,070	\$ -	\$ 10,070
-	380,518	-	380,518
-	4,000	-	4,000
-	4,057	-	4,057
-	139,137	-	139,137
-	2,992	-	2,992
-	167,075	-	167,075
8	35,417	-	35,417
-	878	-	878
-	1,343	-	1,343
<u>\$ 10,078</u>	<u>\$ 745,487</u>	<u>\$ -</u>	<u>\$ 745,487</u>
\$ 7,930	\$ 178,055	\$ 287	\$ 178,342
-	201,085	(85,000)	116,085
-	491,281	(427,904)	63,377
-	2,230,524	(2,230,524)	-
-	-	189,045	189,045
<u>\$ 7,930</u>	<u>\$ 3,100,945</u>	<u>\$ (2,554,096)</u>	<u>\$ 546,849</u>
\$ 2,148	\$ (2,355,458)	\$ 2,554,096	\$ 198,638
\$ -	\$ (1,386)	\$ -	\$ (1,386)
-	-	-	-
<u>\$ -</u>	<u>\$ (1,386)</u>	<u>\$ -</u>	<u>\$ (1,386)</u>
\$ 2,148	\$ (2,356,844)	\$ 2,554,096	\$ 197,252
\$ 6,853	\$ 2,876,302	\$ (1,866,282)	\$ 1,010,020
-	118,103	-	118,103
<u>\$ 6,853</u>	<u>\$ 2,994,405</u>	<u>\$ (1,866,282)</u>	<u>\$ 1,128,123</u>
\$ 9,001	\$ 637,561	\$ 687,814	\$ 1,325,375

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Coloma Public Library (the "Library") conform to accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

In June 1999, the GASB issued Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Library's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Library has elected to implement the provisions of the Statement.

A. Reporting Entity:

The Library is governed by a nine-member Board of Trustees. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in the Library's financial report.

B. Basic Financial Statements:

Government-wide Statements - The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). The government-wide financial statements categorize primary activities as either governmental or business-type. All of the Library's activities are classified as governmental activities.

In the governmental-wide Statement of Net Assets, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.)

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basic Financial Statements - Continued:

Government-wide Statements - Continued:

In creating the government-wide financial statements, the Library has eliminated interfund transactions.

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net assets resulting from the current year's activities.

Fund Statements - The accounts of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Library reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for acquisition of capital facilities and improvements.

C. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

ACCRUAL

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

MODIFIED ACCRUAL

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when incurred.

Revenues are generally considered available when they are received in cash (unless legally restricted for some future period), or when expected to be collected soon enough after year-end to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources.

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budget and Budgetary Accounting:

An operating budget is developed at the beginning of each fiscal year by the Librarian. The operating budget is then submitted to the Library Board for review. The budget was formally adopted at the Library's annual meeting, with a public hearing being held prior to the meeting. The budget was prepared on a basis consistent with accounting principles generally accepted in the United States of America.

E. Cash and Cash Equivalents:

The Library considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Capital Assets:

Capital assets are defined by the Library as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	40 years
Library books	10 years
Furniture and equipment	5-10 years

G. Property Tax Revenue:

Property taxes attach as an enforceable lien on property as of December 31, and are levied on the following December 1. Property taxes become available for expenditure and are thus recognized as revenue in the fiscal year they are levied.

H. Risk Management:

The Library carries commercial insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past fiscal year.

I. Fund Balance Reserves:

A fund balance reserve arises from statutory requirements or actions already taken by the Library. The reserved portion of the fund balance identifies those amounts segregated for future purposes or not available to finance expenditures in the subsequent fiscal year.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Compensated Absences (Vacation And Sick Leave):

The Head Librarian may accumulate no more than 240 hours of vacation and no more than 320 hours of sick leave. The Assistant Librarian may accumulate no more than 160 hours of vacation and no more than 160 hours of sick leave. The Library Assistant may accumulate no more than 160 hours of vacation and no more than 48 of sick leave. All vacation and sick pay is accrued when incurred in the library-wide financial statements. A liability for these amounts is reported in governmental funds only for eligible employee terminations as of year-end.

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Assets and Liabilities

1. Deposits and Investments

Deposits are carried at cost. Deposits are at two banks in the name of the Library. Act 217, PA 1982, authorizes the Library to deposit and invest in the accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Library's deposits are in accordance with statutory authority.

The Library's cash includes the following:

Petty cash	\$ 150
Bank deposits	<u>486,230</u>
	<u>\$ 486,380</u>

The carrying amount of the Library's deposits with financial institutions was \$486,230 and the bank balance was \$510,387. The bank balance is categorized as follows:

<u>Deposits</u>	<u>Amount</u>
Insured (FDIC)	\$ 200,000
Uninsured	<u>310,387</u>
Total Deposits	<u>\$ 510,387</u>

The Library has investments with a brokerage firm. Investments are stated at cost. Act 314 PA 1965, as amended by Act 31, PA 1980, and Act 55, PA 1982, authorizes the Library to invest in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types.

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. Assets and Liabilities - Continued

1. Deposits and Investments - Continued

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Library's investments are as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Cost</u>	<u>Market Value</u>
Stocks	\$ -	\$ -	\$ 10,023	\$ 10,023	\$ 9,365
Total	\$ -	\$ -	\$ 10,023	\$ 10,023	\$ 9,365

(1) Insured with securities held by the Library or the Library's agent in the Library's name.

(2) Uninsured and uncollateralized with securities held by the Library or the Library's agent in the Library's name.

(3) Uninsured, unregistered, and uncollateralized, with securities held by the agent but not in the Library's name.

NOTE 3 - LONG-TERM DEBT

The following is a summary of debt transactions of the Library for the year ended June 30, 2004:

	<u>Bonds</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance - July 1, 2003	\$ 3,005,000	\$ 3,667	\$ 3,008,667
Additions:			
Increases in Compensated Absences	-	287	287
Retirements and payments	(85,000)	-	(85,000)
Balance - June 30, 2004	\$ 2,920,000	\$ 3,954	\$ 2,923,954
Less current portion	(100,000)	-	(100,000)
Total due after one year	<u>\$ 2,820,000</u>	<u>\$ 3,954</u>	<u>\$ 2,823,954</u>

Bonds payable at June 30, 2004 consist of the following:

2002 Debt Issue due in annual installements of \$100,000 to \$230,000 through May 1, 2022; interest rate varies from 3.00% to 4.65%.

Total Bonds \$ 2,920,000

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 3 - LONG-TERM DEBT - Continued

The annual requirements to amortize all applicable debt outstanding (excluding compensated absences) as of June 30, 2004, including interest payments of \$1,302,855 are as follows:

Year Ending				
<u>June 30,</u>	<u>Debt</u>	<u>Interest</u>	<u>Total</u>	
2005	\$ 100,000	\$ 113,535	\$ 213,535	
2006	105,000	110,535	215,535	
2007	115,000	107,386	222,386	
2008	125,000	103,935	228,935	
2009	130,000	100,186	230,186	
2010-2014	745,000	431,082	1,176,082	
2015-2019	930,000	274,068	1,204,068	
2020-2022	<u>670,000</u>	<u>62,128</u>	<u>732,128</u>	
Total	<u>\$ 2,920,000</u>	<u>\$ 1,302,855</u>	<u>\$ 4,222,855</u>	

Compensated absences at June 30, 2004 consist of the following:

Accumulated unused sick days which are payable upon termination of employment	<u>\$ 3,954</u>
Total Compensated Absences	<u>\$ 3,954</u>

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 4 - CAPITAL ASSETS

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets not being depreciated:				
Land	\$ 54,500	\$ -	\$ -	\$ 54,500
Construction in process	<u>619,165</u>	<u>-</u>	<u>(619,165)</u>	<u>-</u>
Total Nondepreciable Assets	\$ 673,665	\$ -	\$ (619,165)	\$ 54,500
Other Capital Assets				
Building and additions	-	2,848,807	-	2,848,807
Books	1,440,066	23,098	-	1,463,164
Furniture and equipment	<u>38,941</u>	<u>405,688</u>	<u>(15,812)</u>	<u>428,817</u>
Total Capital Assets	\$ 2,152,672	\$ 3,277,593	\$ (634,977)	\$ 4,795,288
Accumulated Depreciation				
Building and additions	\$ -	\$ 11,870	\$ -	\$ 11,870
Books	984,761	146,316	-	1,131,077
Furniture and equipment	<u>25,526</u>	<u>30,859</u>	<u>(15,812)</u>	<u>40,573</u>
Total Accumulated Depreciation	\$ 1,010,287	\$ 189,045	\$ (15,812)	\$ 1,183,520
Net Capital Assets	\$ 1,142,385	\$ 3,088,548	\$ (619,165)	\$ 3,611,768

Depreciation for the fiscal year ended June 30, 2004 amounted to \$189,045 and was allocated as follows:

Building and additions	\$ 11,870
Books	146,316
Furniture and equipment	<u>30,859</u>
Total	<u>\$ 189,045</u>

NOTE 5 - CONTINGENT LIABILITIES

State Grants

In the normal course of operation, the Library receives grant funds from various State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 6 - RECONCILIATION OF THE LIBRARY AS A WHOLE AND THE INDIVIDUAL FUND FINANCIAL STATEMENTS:

Total fund balances and the net change in fund balances of the Library's individual funds differ from net assets and change in net assets of the Library as a whole reported in the Statement of Net Assets and Statement of Activities. This difference results primarily from the long-term economic focus of the Statement of the Individual Governmental Fund's Balance Sheets and Statements of Revenue, Expenditures, and Changes in Fund Balance. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance-Modified Accrual Basis	\$ 637,561
---	------------

Amounts reported in the Statement of Net Assets are different because:

Capital assets are not financial resources and are not reported in the funds.	3,611,768
---	-----------

Bonds payable is included as a liability :

Current portion	\$ (100,000)	
Long-term portion	<u>(2,820,000)</u>	(2,920,000)

Compensated absences are included as a liability.	<u>(3,954)</u>
---	----------------

Total Net Assets-Full Accrual Basis	<u>\$ 1,325,375</u>
-------------------------------------	---------------------

Net Change in Fund Balances-Modified Accrual Basis	\$ (2,356,844)
--	----------------

Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures in the Statement of Activities; these costs are allocated over their estimated useful lives as depreciation:

Construction	2,229,642	
Capital outlay	428,786	
Depreciation	<u>(189,045)</u>	

Repayment of bond principal is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt).	85,000
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Increase in the accrual for long-term compensated absences reported as an expenditure in the Statement of Activities but not in the fund financial statements.	<u>(287)</u>
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Change in Net Assets-Full Accrual Basis	<u>\$ 197,252</u>
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COLOMA PUBLIC LIBRARY
Notes to Financial Statements
June 30, 2004

NOTE 7 - INTERFUND TRANSFERS

During the year, the following transfers were made between funds:

From General Fund

To Building and Site Fund - for building improvements	\$ <u>50,000</u>
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Total Transfers Between Funds	\$ <u>50,000</u>
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NOTE 8 - PRIOR YEAR ADJUSTMENT

In prior years the Library recognized penal fees received on a cash basis. This year the Library has recognized the penal fees on the modified accrual basis of accounting. The total change between the cash basis and the modified accrual basis of accounting was \$118,103. This amount was restated in the beginning Fund Balance for the current audit year.

**COLOMA PUBLIC LIBRARY
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Property taxes	\$ 137,750	\$ 137,750	\$ 167,672	\$ 29,922
Contributions from local units	4,000	4,000	4,000	-
Fines	3,500	3,500	4,057	557
Penal fees	112,040	112,040	139,137	27,097
Charges for services	2,300	2,300	2,992	692
Contributions	500	500	400	(100)
Interest	400	400	416	16
Miscellaneous	1,000	1,000	1,243	243
Total Revenues	<u>\$ 261,490</u>	<u>\$ 261,490</u>	<u>\$ 319,917</u>	<u>\$ 58,427</u>
Expenditures:				
Recreation and Cultural:				
Salaries and payroll	\$ 101,000	\$ 101,000	\$ 101,702	\$ (702)
Building rental	16,200	18,000	18,000	-
Repairs and maintenance - equipment	2,000	2,000	418	1,582
Utilities	30,000	30,000	11,543	18,457
Insurance	25,000	25,000	16,058	8,942
Audit	3,000	3,000	2,900	100
Legal	3,000	3,000	938	2,062
Supplies	7,000	7,000	6,974	26
Bookkeeping	800	800	800	-
Miscellaneous	1,000	1,200	978	222
Capital outlay:				
Books	27,000	27,000	18,674	8,326
Equipment	7,000	7,100	7,100	-
Technology	57,000	57,000	56,324	676
Audiovisual	8,382	8,082	2,165	5,917
Total Expenditures	<u>\$ 288,382</u>	<u>\$ 290,182</u>	<u>\$ 244,574</u>	<u>\$ 45,608</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (26,892)</u>	<u>\$ (28,692)</u>	<u>\$ 75,343</u>	<u>\$ 104,035</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -	\$ (50,000)	\$ (50,000)	\$ -
Net Change in Fund Balances	<u>\$ (26,892)</u>	<u>\$ (78,692)</u>	<u>\$ 25,343</u>	<u>\$ 104,035</u>
Fund Balance - July 1, 2003	\$ 151,835	\$ 151,835	\$ 151,835	\$ -
Prior Period Adjustment - NOTE 8	118,103	118,103	118,103	-
Adjusted Fund Balance - July 1, 2003	<u>\$ 269,938</u>	<u>\$ 269,938</u>	<u>\$ 269,938</u>	<u>\$ -</u>
FUND BALANCE - JUNE 30, 2004	<u>\$ 243,046</u>	<u>\$ 191,246</u>	<u>\$ 295,281</u>	<u>\$ 104,035</u>

COLOMA PUBLIC LIBRARY
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004

	General Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State grants	\$ -	\$ -	\$ -
Property taxes	137,750	167,672	29,922
Contributions from local units	4,000	4,000	-
Fines	3,500	4,057	557
Penal fees	112,040	139,137	27,097
Charges for services	2,300	2,992	692
Contributions	500	400	(100)
Interest	400	416	16
Dividend income	-	-	-
Miscellaneous	1,000	1,243	243
Total Revenues	\$ 261,490	\$ 319,917	\$ 58,427
Expenditures:			
Recreation and Cultural:			
Salaries and payroll taxes	\$ 101,000	\$ 101,702	\$ (702)
Building rental	18,000	18,000	-
Cooperative fee	-	-	-
Supplies	7,000	6,974	26
Repairs and Maintenance:			
Building	-	-	-
Equipment	2,000	418	1,582
Utilities	30,000	11,543	18,457
Insurance	25,000	16,058	8,942
Professional fees	-	-	-
Periodicals	-	-	-
Audit	3,000	2,900	100
Legal	3,000	938	2,062
Capital campaign expense	-	-	-
Election expense	-	-	-
Bond interest	-	-	-
Bond principal	-	-	-
Refuse	-	-	-
Interior design	-	-	-
Bond discount	-	-	-
Bond insurance	-	-	-
Architect	-	-	-
Bookkeeping	800	800	-
Travel, workshops, memberships	-	-	-
Miscellaneous	12,000	978	222

State Aid Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 7,860	\$ 10,070	\$ 2,210
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
25	8	(17)
-	-	-
-	-	-
<u>\$ 7,885</u>	<u>\$ 10,078</u>	<u>\$ 2,193</u>

Debt Service Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -
199,810	212,846	13,036
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
100	767	667
-	-	-
-	-	-
<u>\$ 199,910</u>	<u>\$ 213,613</u>	<u>\$ 13,703</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,200	3,193	7	-	-	-
-	-	-	-	-	-
600	477	123	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	2,218	782	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	116,085	116,085	-
-	-	-	85,000	85,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
450	448	2	-	-	-
1,800	1,594	206	-	-	-

COLOMA PUBLIC LIBRARY
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - Continued
For the Year Ended June 30, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures - Continued:			
Capital Outlay:			
Books	27,000	18,674	8,326
Equipment	7,100	7,100	-
Construction	-	-	-
Technology	57,000	56,324	676
Audiovisual	8,082	2,165	5,917
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 290,182	\$ 244,574	\$ 45,608
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (28,692)	\$ 75,343	\$ 104,035
Other Financing Sources (Uses):			
Unrealized gain (loss) on investments	\$ -	\$ -	\$ -
Operating transfers in (out)	(50,000)	(50,000)	-
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	\$ (50,000)	\$ (50,000)	\$ -
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ (78,692)	\$ 25,343	\$ 104,035
Fund Balance - Beginning of Year	\$ 151,835	\$ 151,835	\$ -
Prior Period Adjustment - NOTE 8	118,103	118,103	-
	<u> </u>	<u> </u>	<u> </u>
Adjusted Fund Balance - Beginning of Year	\$ 269,938	\$ 269,938	\$ -
FUND BALANCE - END OF YEAR	\$ 191,246	\$ 295,281	\$ 104,035

State Aid Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 9,050</u>	<u>\$ 7,930</u>	<u>\$ 1,120</u>
<u>\$ (1,165)</u>	<u>\$ 2,148</u>	<u>\$ 3,313</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (1,165)</u>	<u>\$ 2,148</u>	<u>\$ 3,313</u>
<u>\$ 6,853</u>	<u>\$ 6,853</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 6,853</u>	<u>\$ 6,853</u>	<u>\$ -</u>
<u>\$ 5,688</u>	<u>\$ 9,001</u>	<u>\$ 3,313</u>

Debt Service Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 201,085</u>	<u>\$ 201,085</u>	<u>\$ -</u>
<u>\$ (1,175)</u>	<u>\$ 12,528</u>	<u>\$ 13,703</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (1,175)</u>	<u>\$ 12,528</u>	<u>\$ 13,703</u>
<u>\$ 64,811</u>	<u>\$ 64,811</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 64,811</u>	<u>\$ 64,811</u>	<u>\$ -</u>
<u>\$ 63,636</u>	<u>\$ 77,339</u>	<u>\$ 13,703</u>

COLOMA PUBLIC LIBRARY
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State grants	\$ -	\$ -	\$ -
Property taxes	-	-	-
Contributions from local units	-	-	-
Fines	-	-	-
Penal fees	-	-	-
Charges for services	-	-	-
Contributions	155,000	166,675	11,675
Interest	6,168	34,226	28,058
Dividend income	-	878	878
Miscellaneous	-	100	100
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	\$ 161,168	\$ 201,879	\$ 40,711
Expenditures:			
Recreation and Cultural:			
Salaries and payroll taxes	\$ -	\$ -	\$ -
Building rental	-	-	-
Cooperative fee	-	-	-
Supplies	2,500	145	2,355
Repairs and Maintenance:			
Building	-	-	-
Equipment	-	-	-
Utilities	-	-	-
Insurance	-	-	-
Professional fees	-	-	-
Periodicals	-	-	-
Audit	-	-	-
Legal	-	-	-
Capital campaign expense	-	-	-
Election expense	-	-	-
Bond interest	-	-	-
Bond principal	-	-	-
Refuse	-	-	-
Interior design	8,800	6,849	1,951
Bond discount	-	-	-
Bond insurance	-	-	-
Architect	-	-	-
Bookkeeping	-	-	-
Travel, workshops, memberships	-	-	-
Miscellaneous	3,080	3,702	(622)

Total		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 7,860	\$ 10,070	\$ 2,210
337,560	380,518	42,958
4,000	4,000	-
3,500	4,057	557
112,040	139,137	27,097
2,300	2,992	692
155,500	167,075	11,575
6,693	35,417	28,724
-	878	878
1,000	1,343	343
<u>\$ 630,453</u>	<u>\$ 745,487</u>	<u>\$ 115,034</u>

\$ 101,000	\$ 101,702	\$ (702)
18,000	18,000	-
3,200	3,193	7
9,500	7,119	2,381
600	477	123
2,000	418	1,582
30,000	11,543	18,457
25,000	16,058	8,942
-	-	-
3,000	2,218	782
3,000	2,900	100
3,000	938	2,062
-	-	-
-	-	-
116,085	116,085	-
85,000	85,000	-
-	-	-
8,800	6,849	1,951
-	-	-
-	-	-
-	-	-
800	800	-
450	448	2
6,080	6,274	(194)

COLOMA PUBLIC LIBRARY
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - Continued
For the Year Ended June 30, 2004

	<u>Capital Projects</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>
			<u>(Negative)</u>
Expenditures - Continued:			
Capital Outlay:			
Books	\$ -	\$ -	-
Equipment	379,300	378,612	688
Construction	2,410,826	2,229,642	181,184
Technology	30,920	28,406	2,514
Audiovisual	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,835,426</u>	<u>\$ 2,647,356</u>	<u>\$ 188,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,674,258)</u>	<u>\$ (2,445,477)</u>	<u>\$ 228,781</u>
Other Financing Sources (Uses):			
Unrealized gain (loss) on investments	\$ -	\$ (1,386)	\$ (1,386)
Operating transfers in (out)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ 48,614</u>	<u>\$ (1,386)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ (2,624,258)</u>	<u>\$ (2,396,863)</u>	<u>\$ 227,395</u>
Fund Balance - Beginning of Year	\$ 2,652,803	\$ 2,652,803	\$ -
Prior Period Adjustment - NOTE 8	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted Fund Balance - Beginning of Year	<u>\$ 2,652,803</u>	<u>\$ 2,652,803</u>	<u>\$ -</u>
FUND BALANCE - END OF YEAR	<u>\$ 28,545</u>	<u>\$ 255,940</u>	<u>\$ 227,395</u>

<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
27,000	18,674	8,326
386,400	385,712	688
2,410,826	2,229,642	181,184
87,920	84,730	3,190
8,082	2,165	5,917
<u>\$ 3,335,743</u>	<u>\$ 3,100,945</u>	<u>\$ 234,798</u>
<u>\$ (2,705,290)</u>	<u>\$ (2,355,458)</u>	<u>\$ 349,832</u>
\$ -	\$ (1,386)	\$ (1,386)
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ (1,386)</u>	<u>\$ (1,386)</u>
<u>\$ (2,705,290)</u>	<u>\$ (2,356,844)</u>	<u>\$ 348,446</u>
\$ 2,876,302	\$ 2,876,302	\$ -
118,103	118,103	-
<u>\$ 2,994,405</u>	<u>\$ 2,994,405</u>	<u>\$ -</u>
<u>\$ 289,115</u>	<u>\$ 637,561</u>	<u>\$ 348,446</u>

**COLOMA PUBLIC LIBRARY
CAPITAL PROJECTS FUND
Combining Balance Sheet
June 30, 2004**

	Construction Fund	Building and Site Fund	Total
Assets			
Cash	\$ 217,507	\$ 29,893	\$ 247,400
Investments	<u>-</u>	<u>9,365</u>	<u>9,365</u>
TOTAL ASSETS	<u>\$ 217,507</u>	<u>\$ 39,258</u>	<u>\$ 256,765</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 825	\$ -	\$ 825
Total Liabilities	<u>\$ 825</u>	<u>\$ -</u>	<u>\$ 825</u>
Fund Balance:			
Designated:			
Capital improvement	\$ 216,682	\$ 39,258	\$ 255,940
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 217,507</u>	<u>\$ 39,258</u>	<u>\$ 256,765</u>

**COLOMA PUBLIC LIBRARY
CAPITAL PROJECTS FUND
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2004**

	Construction Fund	Building and Site Fund	Total
Revenues:			
Contributions	\$ -	\$ 166,675	\$ 166,675
Interest	33,484	742	34,226
Dividend income	-	878	878
Miscellaneous income	-	100	100
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 33,484	\$ 168,395	\$ 201,879
	<u>2,258,930</u>	<u>388,426</u>	<u>2,647,356</u>
Expenditures:			
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,225,446)	\$ (220,031)	\$ (2,445,477)
	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses):			
Unrealized loss on investments	\$ -	\$ (1,386)	\$ (1,386)
Operating transfers in (out)	-	50,000	50,000
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	\$ -	\$ 48,614	\$ 48,614
	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (2,225,446)	\$ (171,417)	\$ (2,396,863)
	<u> </u>	<u> </u>	<u> </u>
Fund Balances, July 1, 2003	2,442,128	210,675	2,652,803
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES, JUNE 30, 2004	\$ 216,682	\$ 39,258	\$ 255,940
	<u> </u>	<u> </u>	<u> </u>

**COLOMA PUBLIC LIBRARY
GOVERNMENTAL FUNDS
Schedule of Expenditures
For the Year Ended June 30, 2004, With Comparative
Amounts for the Year Ended June 30, 2003**

	<u>General Fund</u>	<u>State Aid Fund</u>	<u>Building and Site Fund</u>
Expenditures:			
Recreation and Cultural:			
Salaries and payroll taxes	\$ 101,702	\$ -	\$ -
Building rental	18,000	-	-
Cooperative fee	-	3,193	-
Supplies	6,974	-	145
Repairs and Maintenance:			
Building	-	477	-
Equipment	418	-	-
Utilities	11,543	-	-
Insurance	16,058	-	-
Professional fees	-	-	-
Periodicals	-	2,218	-
Audit	2,900	-	-
Legal	938	-	-
Capital campaign expense	-	-	-
Bond interest	-	-	-
Bond principal	-	-	-
Refuse	-	-	6,849
Interior design	-	-	-
Bond discount	-	-	-
Bond insurance	-	-	-
Architect	-	-	-
Bookkeeping	800	-	-
Travel, workshops, memberships	-	448	-
Miscellaneous	978	1,594	2,820
Capital Outlay:			
Books	18,674	-	-
Equipment	7,100	-	378,612
Construction	-	-	-
Technology	56,324	-	-
Audiovisual	2,165	-	-
Total Expenditures	<u>\$ 244,574</u>	<u>\$ 7,930</u>	<u>\$ 388,426</u>

Construction Fund	Debt Service Fund	Totals (Memorandum Only)	
		2004	2003
\$ -	\$ -	\$ 101,702	\$ 85,513
-	-	18,000	17,802
-	-	3,193	4,556
-	-	7,119	4,658
-	-	477	562
-	-	418	828
-	-	11,543	9,788
-	-	16,058	11,261
-	-	-	39,730
-	-	2,218	2,976
-	-	2,900	2,217
-	-	938	11,389
-	-	-	55
-	116,085	116,085	78,190
-	85,000	85,000	40,000
-	-	-	36
-	-	6,849	39,114
-	-	-	30,432
-	-	-	22,393
-	-	-	226,573
-	-	800	800
-	-	448	242
882	-	6,274	1,636
-	-	18,674	15,130
-	-	385,712	-
2,229,642	-	2,229,642	294,757
28,406	-	84,730	11,547
-	-	2,165	1,218
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 2,258,930	\$ 201,085	\$ 3,100,945	\$ 953,403

COLOMA PUBLIC LIBRARY
Detail of Bonded Debt - 2002 Building and Improvement Bonds
For the Year Ended June 30, 2004

<u>Due May 1</u>	<u>Interest Rate</u>	<u>Maturing Per Year</u>	<u>Bonds Outstanding July 1, 2003</u>	<u>Bonds Retired This Year</u>	<u>Bonds Outstanding June 30, 2004</u>
2004	3.00%	\$ 85,000	\$ 85,000	\$ 85,000	\$ -
2005	3.00%	100,000	100,000	-	100,000
2006	3.00%	105,000	105,000	-	105,000
2007	3.00%	115,000	115,000	-	115,000
2008	3.00%	125,000	125,000	-	125,000
2009	3.20%	130,000	130,000	-	130,000
2010	3.35%	135,000	135,000	-	135,000
2011	3.45%	140,000	140,000	-	140,000
2012	3.55%	150,000	150,000	-	150,000
2013	3.75%	155,000	155,000	-	155,000
2014	3.85%	165,000	165,000	-	165,000
2015	4.00%	170,000	170,000	-	170,000
2016	4.00%	175,000	175,000	-	175,000
2017	4.15%	185,000	185,000	-	185,000
2018	4.25%	195,000	195,000	-	195,000
2019	4.35%	205,000	205,000	-	205,000
2020	4.45%	215,000	215,000	-	215,000
2021	4.55%	225,000	225,000	-	225,000
2022	4.65%	230,000	230,000	-	230,000
TOTAL BUILDING AND IMPROVEMENT BONDS		<u>\$ 3,005,000</u>	<u>\$ 3,005,000</u>	<u>\$ 85,000</u>	<u>\$ 2,920,000</u>

Purpose of bond issue:

To finance a portion of the costs of constructing a new approximately 18,324 square foot library facility including site development, furnishings, technology, and equipment to be located within the City of Coloma.

Terms:

Principal due annually May 1. Interest due semi-annually May 1 and November 1.

COLOMA PUBLIC LIBRARY
Summary of Principal and Interest Requirements to Maturity
2002 Building and Improvement Bonds
June 30, 2004

Year Ended June 30	Principal Due May 1	Interest Due		Total
		May 1	November 1	
2005	\$ 100,000	\$ 56,768	\$ 56,767	\$ 213,535
2006	105,000	55,267	55,268	215,535
2007	115,000	53,693	53,693	222,386
2008	125,000	51,967	51,968	228,935
2009	130,000	50,093	50,093	230,186
2010	135,000	48,013	48,013	231,026
2011	140,000	45,751	45,751	231,502
2012	150,000	43,336	43,336	236,672
2013	155,000	40,673	40,673	236,346
2014	165,000	37,768	37,768	240,536
2015	170,000	34,591	34,591	239,182
2016	175,000	31,191	31,191	237,382
2017	185,000	27,691	27,691	240,382
2018	195,000	23,853	23,853	242,706
2019	205,000	19,708	19,708	244,416
2020	215,000	15,250	15,250	245,500
2021	225,000	10,466	10,466	245,932
2022	230,000	5,348	5,348	240,696
TOTAL	\$ 2,920,000	\$ 651,427	\$ 651,428	\$ 4,222,855

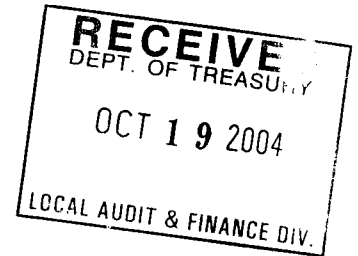
Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 24, 2004

To the Library Board
Coloma Public Library
Coloma, Michigan



In connection with our examination of the books and records of the Coloma Public Library for the year ended June 30, 2004, we offer the following recommendations.

GENERAL FUND

1. The dividend income and change in fair market value of the Fifth Third stock should be accounted for in separate accounts. We have made an adjustment reclassifying it out of the Donations Account and into Dividend Income and Unrealized Gain/Loss Accounts.

We appreciate the courtesy and cooperation extended to us by the officials and employees of the Coloma Public Library and trust that these suggestions will be received in the spirit of cooperation in which they are offered.

If we can be of any assistance in implementing these suggestions or if you have any questions regarding these or any other matters, please feel free to contact us.

Very truly yours,

Gerbel & Company, P.C.
GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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